

SIPEKNE'KATIK

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

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Independent Auditor's Report

To the Chief, Council and Members of
Sipekne'katik

We have audited the accompanying consolidated financial statements of Sipekne'katik, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2018 and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Andrew D. Lenehan
Chartered Professional Accountant

Woodstock, New Brunswick
July 17, 2018

SIPEKNE'KATIK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

| | 2018 | 2017 |
|--------------------------------------|----------------------|----------------------|
| Financial Assets | | |
| Cash (Note 9) | \$ 2,930,504 | \$ 1,792,059 |
| Accounts receivable (Note 7) | 3,542,901 | 2,013,610 |
| Funds on deposit with INAC (Note 6) | 84,237 | 81,555 |
| Funds held in trust (Note 10) | - | 133,115 |
| Debt reserve fund (Note 11) | 102,885 | - |
| Inventory (Note 4) | 39,837 | 46,893 |
| | <u>6,700,364</u> | <u>4,067,232</u> |
| Liabilities | | |
| Accounts payable (Note 12) | 5,012,209 | 4,611,722 |
| Deferred revenue (Note 13) | 1,822,515 | 825,243 |
| Due to minor band members (Note 19) | 651,758 | 705,758 |
| Investments (Note 3) | 7,882 | 31,410 |
| Long-term debt (Note 14) | 5,230,719 | 3,248,320 |
| | <u>12,725,083</u> | <u>9,422,453</u> |
| Net debt | <u>(6,024,719)</u> | <u>(5,355,221)</u> |
| Non-financial Assets | | |
| Tangible capital assets (Note 15) | 22,321,513 | 19,583,149 |
| Prepaid expenses (Note 5) | 27,224 | 23,265 |
| | <u>22,348,737</u> | <u>19,606,414</u> |
| Accumulated Surplus (Note 16) | <u>\$ 16,324,018</u> | <u>\$ 14,251,193</u> |

Approved on behalf of Sipekne'katik

, Chief

, Executive Financial Officer

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2018

| | 2018 Budget | 2018 Actual | 2017 Actual |
|--|-----------------------|-----------------------|-----------------------|
| Surplus | 640,603 | 2,072,825 | 2,516,438 |
| Acquisition of tangible capital assets | - | (4,378,405) | (3,036,152) |
| Disposal of tangible capital assets | - | - | 76,293 |
| Amortization of tangible capital assets | 1,300,000 | 1,640,043 | 1,422,262 |
| | 1,300,000 | (2,738,362) | (1,537,597) |
| (Increase) decrease of prepaid expenses | - | (3,961) | 436 |
| (Decrease) increase in net financial assets | 1,940,603 | (669,498) | 979,277 |
| Net debt at beginning of year | (5,355,221) | (5,355,221) | (6,334,498) |
| Net debt at end of year | \$ (3,414,618) | \$ (6,024,719) | \$ (5,355,221) |

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

| | 2018 Budget | 2018 Actual | 2017 Actual |
|---|----------------|----------------|----------------|
| Revenues | | | |
| Indigenous and Northern Affairs Canada | \$ 8,227,992 | \$ 9,081,343 | \$ 9,079,275 |
| Tobacco store | 8,030,000 | 8,849,990 | 8,268,974 |
| Mi'kmaw Kina'matneway | 6,935,852 | 7,119,568 | 6,850,941 |
| Gaming | 4,340,000 | 5,108,250 | 4,834,981 |
| Fisheries | 3,169,000 | 4,045,899 | 3,604,892 |
| Other | 2,007,923 | 2,342,678 | 1,851,071 |
| Gas bar | 1,530,000 | 2,255,868 | 1,501,022 |
| Health Canada | 1,430,558 | 1,654,411 | 1,445,823 |
| METS | 747,577 | 737,871 | 737,871 |
| | 36,418,902 | 41,195,878 | 38,174,850 |
| Cost of goods sold | 6,250,000 | 8,546,955 | 7,653,330 |
| Gross profit | 30,168,902 | 32,648,923 | 30,521,520 |
| Expenditures | | | |
| Social Development | 5,493,935 | 5,471,559 | 5,380,166 |
| Band Administration | 2,141,225 | 2,278,096 | 2,181,443 |
| Education | 7,019,911 | 7,742,886 | 6,872,283 |
| Capital and Housing | 904,000 | 1,200,510 | 1,110,499 |
| Operating and Maintenance | 2,146,050 | 2,235,977 | 2,753,647 |
| Economic Development | 755,171 | 472,266 | 241,173 |
| Community Health | 1,480,558 | 1,606,313 | 1,593,415 |
| Employment Training | 915,099 | 1,017,281 | 1,052,729 |
| Gaming | 1,767,100 | 1,786,285 | 1,724,532 |
| Tobacco Store | 790,800 | 885,024 | 662,844 |
| Fisheries | 2,092,500 | 2,470,385 | 1,918,279 |
| Housing Projects | 1,065,000 | 2,118,226 | 887,350 |
| Gas Bar | 211,950 | 185,840 | 198,203 |
| | 26,783,299 | 29,470,648 | 26,576,563 |
| Surplus before other items | 3,385,603 | 3,178,275 | 3,944,957 |
| Other items | | | |
| Amortization | (1,300,000) | (1,640,043) | (1,422,262) |
| Insurance proceeds | - | 562,821 | - |
| Forensic audit | (20,000) | (28,228) | (6,256) |
| | (1,320,000) | (1,105,450) | (1,428,518) |
| Surplus | 640,603 | 2,072,825 | 2,516,438 |
| Accumulated surplus at beginning of year | 14,251,193 | 14,251,193 | 11,734,755 |
| Accumulated surplus at end of year | \$ 14,891,796 | \$ 16,324,018 | \$ 14,251,193 |

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Cash flows from | | |
| Operating activities | | |
| Surplus | \$ 2,072,825 | \$ 2,516,438 |
| Items not affecting cash | | |
| Amortization expense | 1,640,043 | 1,422,262 |
| Investment in Wallace Hill | (23,528) | (8,948) |
| | 3,689,340 | 3,929,752 |
| Change in non-cash operating working capital | | |
| Accounts receivable | (1,529,291) | (280,441) |
| Inventory | 7,056 | 15,345 |
| Prepaid expenses | (3,959) | 434 |
| Funds on deposit with INAC | (2,682) | (1,485) |
| Funds held in trust | 133,115 | (133,115) |
| Accounts payable | 400,483 | (98,093) |
| Deferred revenue | 997,272 | 785,593 |
| Due to minor band members | (54,000) | (81,000) |
| | 3,637,334 | 4,136,990 |
| Capital activities | | |
| Acquisition of tangible capital assets | (4,378,406) | (3,036,152) |
| Disposal of tangible capital assets | - | 76,293 |
| | (4,378,406) | (2,959,859) |
| Financing activities | | |
| Proceeds of long-term debt | 2,336,253 | 480,400 |
| Repayment of long-term debt | (353,851) | (529,131) |
| Debt reserve fund | (102,885) | - |
| | 1,879,517 | (48,731) |
| Increase in cash and cash equivalents | 1,138,445 | 1,128,400 |
| Cash, beginning of year | 1,792,059 | 663,659 |
| Cash, end of year | \$ 2,930,504 | \$ 1,792,059 |

The accompanying notes are an integral part of the financial statements

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

1. Reporting Entity

The consolidated financial statements of Sipekne'katik reflect the assets, liabilities, revenues, expenditures, changes in net debt and accumulated surplus of the reporting entity. The reporting entity is comprised of the organizations accountable for the administration of their affairs and resources to the Chief and Council or controlled by the First Nation. Inter-fund and inter-corporate balances and transactions have been eliminated.

Sipekne'katik provides services to its community members for various programs detailed in Schedules 1 to 13.

2. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of one year or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of all funds and operations in which Sipekne'katik has a controlling interest. All interfund balances have been eliminated on consolidation but in order to present the results of operations for each specific fund, transactions between funds have not been eliminated on the individual schedules.

Under the modified equity method of accounting, only Sipekne'katik's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Sipekne'katik.

The organization accounted for on a modified equity basis is Wallace Hill Development Inc.

(c) Inventory

Inventory is valued at the lower of cost, determined on the first in first out basis, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(d) Tangible Capital Assets

Tangible capital assets (TCAs) are items that can be physically touched, are used to provide First Nation services, are used for First Nation administration purposes or are used for the construction and/or maintenance of other TCAs owned by the First Nation, will be useful for a period greater than one year and will be used by the First Nation on a regular basis.

Certain tangible capital assets, including but not limited to roads and infrastructure, have been recorded at a nominal amount of \$1 as specific historical data was not available. Whereas all such assets are amortized over a period not longer than twenty five years, it is management's opinion that all assets acquired prior to 1987 would now be fully amortized.

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset, and are amortized on the declining balance method over their estimated useful lives. Amortization begins in the year acquired. Current descriptions and useful lives are as follows

| | |
|-------------------------|------------------------|
| Buildings | 5 % Declining balance |
| Vehicles | 30 % Declining balance |
| Furniture and fixtures | 20 % Declining balance |
| Equipment | 20 % Declining balance |
| Paving | 5 % Declining balance |
| Recreational facilities | 10 % Declining balance |
| Pump/gaming renovations | 20 % Declining balance |

(e) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets, and accumulated surplus.

(f) Deferred Revenue

Government funding and other revenue not fully expended at year end has been treated as deferred revenue by the First Nation and will be recorded in revenue in the fiscal year when the related expenditures are incurred.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(g) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

Tobacco store and gas bar revenues are recorded at the point of sale.

(h) Expense Recognition

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services and obligation to pay.

(i) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. Specifically, estimates are required relating to the provision for doubtful accounts and the useful lives of tangible capital assets. The effect of changes in such estimates on the financial statements in future periods could be significant.

(j) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for re-sale. Non-financial assets include tangible capital assets and prepaid expenses.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(k) Segment Disclosure

The financial statements of Sipekne'katik provide supporting schedules which are established by program based on government funding provided. The various programs have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each program are set out in the supplementary schedules for management information purposes.

(l) Financial Instruments

Financial instruments are financial assets or liabilities of the First Nation where the First Nation has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another entity.

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

3. Investments

| | 2018 | 2017 |
|---|-------------------|--------------------|
| Investment in Wallace Hill Development Inc. | \$ 1 | \$ 1 |
| Investment in Beaubassin Mi'kmaq Wind Mgmt Ltd. | 1 | 1 |
| Investment in 3270886 Nova Scotia Limited | 1 | 1 |
| Equity (deficit) in Wallace Hill Development Inc. | (7,885) | (31,413) |
| | <u>\$ (7,882)</u> | <u>\$ (31,410)</u> |

4. Inventory

| | 2018 | 2017 |
|--------------------|------------------|------------------|
| Fuel for resale | \$ 12,852 | \$ 16,704 |
| Tobacco for resale | 26,985 | 30,189 |
| | <u>\$ 39,837</u> | <u>\$ 46,893</u> |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

5. Prepaid expenses

| | 2018 | 2017 |
|------------------|-----------|-----------|
| Fuel and propane | \$ 27,224 | \$ 23,265 |

6. Funds on deposit with INAC

| | March 31, 2017 | Additions (interest) | Withdrawals | March 31, 2018 |
|---------|-------------------|-------------------------|-------------|-------------------|
| Revenue | \$ 41,216 | \$ 2,682 | \$ - | \$ 43,898 |
| Capital | 40,339 | - | - | 40,339 |
| | \$ 81,555 | \$ 2,682 | \$ - | \$ 84,237 |

7. Accounts Receivable

| | 2018 | 2017 |
|---|--------------|--------------|
| Indigenous and Northern Affairs Canada | \$ 697,167 | \$ 275,263 |
| Mi'kmaw Kina'matnewey | 265,418 | 280,601 |
| METS programs | 196,913 | 306,997 |
| Other government departments | 411,761 | 378,994 |
| Employees and other band members | 116,436 | 123,484 |
| Department of Fisheries and Oceans | 583,391 | 175,569 |
| Canada Mortgage and Housing Corporation | 348,246 | 69,450 |
| Gaming program | 172,287 | 172,287 |
| MRJJ Management Inc. | 59,200 | 59,200 |
| Amcrest Management Inc. | 172,200 | 172,200 |
| Unapproved transfers | 307,000 | 307,000 |
| Insurance proceeds | 562,821 | - |
| Health Canada | - | 60,000 |
| Leased licences - fisheries | 50,748 | 40,000 |
| Other | 18,127 | 134,382 |
| Wallace Hill Development Incorporated | 535,336 | 416,586 |
| | 4,497,051 | 2,972,013 |
| Allowance for doubtful accounts | (954,150) | (958,403) |
| | \$ 3,542,901 | \$ 2,013,610 |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

8. Due from related parties

The First Nation advanced funds to related parties during the 2010-2011 year with the following amounts outstanding at March 31, 2018:

MRJJ Management Inc. - \$59,200
Amcrest Management Inc. - \$172,200
Wallace Hill Development Inc. - \$535,336
Total due from related parties - \$766,736

1. MRJJ Management Inc.

During July, 2009, certain members of Sipekne'katik Council formed a committee mandated to initiate and manage commercial development at Wallace Hill, HRM, which was to be added to the Sipekne'katik Reserve land. Following subsequent discussions with legal counsel, it was agreed that utilization of a company as a vehicle for leasing Reserve lands to private commercial interests was advisable.

As a result, MRJJ Management Inc. (MRJJ) was formed in January, 2010 by the committee. MRJJ is owned by the committee members; Michael P. Sack, Ronnie Augustine, Jerry F. Sack, and Jeff Hayes. Prior to being used as a development vehicle for the First Nation, the MRJJ shareholders were to execute fiduciary agreements where under they would hold their shares in trust for the First Nation members.

The primary purpose of MRJJ was, subject to other documents being finalized that would make it a fully Band controlled business, to be the designee of Wallace Hill Reserve lands for commercial development purposes. It was also intended, in the initial stages, to be the Band's proxy in negotiating commercial development opportunities and other aspects of development at Wallace Hill. Subsequently, Council decided not to utilize MRJJ for its original purpose.

The balances due from MRJJ are unsecured, non-interest bearing with no specific terms of repayment.

2. Amcrest Management Inc.

Amcrest Management Inc. is a company solely owned by the former Director of Finance. During the 2010-2011 year, funds were advanced to Amcrest from the MRJJ account as well as from various Band bank accounts. Total advances to Amcrest Management Inc. during that year totalled \$172,200.

The balances due from Amcrest Management Inc. are unsecured, non-interest bearing with no specific terms of repayment.

3. Wallace Hill Development Inc.

The balances due from Wallace Hill Development Inc. are unsecured, non-interest bearing with no specific terms of repayment.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

9. Cash / cheques written in excess of deposits

Under the terms of agreement with Canada Mortgage and Housing Corporation, Sipekne'katik must set aside funds annually for the anticipated repair, maintenance and replacement of assets under the Section 95 program. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation. Cash and cash equivalents are comprised of the following:

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Cash on hand | \$ 122,712 | \$ 82,899 |
| Cheques written in excess of deposits | (330,823) | (289,671) |
| Guaranteed Investment Certificates (GIC's) | 2,521,209 | 1,481,425 |
| Externally restricted CMHC reserve GIC | 617,406 | 517,406 |
| | <u>\$ 2,930,504</u> | <u>\$ 1,792,059</u> |

10. Funds held in trust

Funds held in trust consist of forfeiture funds receivable through the Adult Diversion Program.

11. Debt reserve fund

As part of the loan agreement with First Nations Finance Authority, 5% of the loan balance is held on deposit in the Debt Reserve Fund.

12. Accounts payable

| | 2018 | 2017 |
|---------------------------|---------------------|---------------------|
| Current | | |
| Trade | \$ 1,683,430 | \$ 1,237,173 |
| Receiver General | 8,271 | 46,849 |
| Pension plan remittance | - | 13,566 |
| Worker's compensation | 37,927 | 31,553 |
| | <u>1,729,628</u> | <u>1,329,141</u> |
| Long term | | |
| Trade accrued liabilities | 3,282,581 | 3,282,581 |
| | <u>\$ 5,012,209</u> | <u>\$ 4,611,722</u> |

SIPEKNE'KATIK**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018****13. Deferred revenue**

| | 2018 | 2017 |
|---|---------------------|-------------------|
| INAC - Water Tower Repairs | \$ 500,000 | \$ - |
| INAC - Water Infrastructure - New Ross | 43,400 | - |
| INAC - Well Fencing | 100,000 | - |
| INAC - Diversion Centre | 94,600 | - |
| INAC - Economic Development Corporation - CEO | - | 20,766 |
| INAC - Immediate Needs - Renovations | 167,000 | 150,000 |
| INAC - Innovation - Housing Authority Feasibility | - | 80,000 |
| INAC - Cap Dev - Needs Assessment and Training | - | 75,000 |
| INAC - Capacity Development - Subdivision | - | 45,283 |
| INAC - Cap Dev - Mould, Pesticide and Pest Training | - | 30,000 |
| INAC - Capacity Development - Subdivision | 50,000 | - |
| INAC - Cultural Funding - Arbour | - | 297,500 |
| Health Canada - Aboriginal Head Start Building | 749,010 | 100,000 |
| Health Canada - Capital - Health Centre | - | 10,000 |
| Health Canada - Youth Solvent Abuse | 83,479 | - |
| Health Canada - Jordan's Principle | 29,238 | - |
| Province of NS - Strategic Opportunities | - | 5,000 |
| Wagmatcook Band Council - Give us Wings | - | 7,000 |
| Confederacy of Mainland Mi'kmaq | 3,744 | - |
| NS Health Authority - Food Bank Funding | - | 2,650 |
| NS Health Authority - All About Me | 2,044 | 2,044 |
| | \$ 1,822,515 | \$ 825,243 |

SIPEKNE'KATIK**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2018****14. Long-term debt**

| | 2018 | 2017 |
|--|---------------------|---------------------|
| Royal Bank of Canada Housing project mortgages due September 2019 to November 2020, bearing interest at 2.15% to 2.78%, payable in equal monthly amounts of principal and interest totaling \$3,157. Mortgages are guaranteed by the Minister of Indigenous and Northern Affairs Canada. | \$ 228,946 | \$ 260,683 |
| Canada Mortgage and Housing Corporation Housing project mortgages due September 2018 to May 2022, bearing interest at 0.90% to 2.04%, payable in equal monthly amounts of principal and interest totaling \$20,025. Mortgages are guaranteed by the Minister of Indigenous and Northern Affairs Canada. | 2,708,778 | 2,623,233 |
| GE Canada 6.75% loan, payable \$4,646 monthly including interest, due November 2018, secured by 2016 International truck and 2015 snow plow attachment | 31,343 | 83,084 |
| Caterpillar Financial Services Ltd. 5.55% loan, payable \$3,212 monthly including interest, due January 2018, secured by 2016 Caterpillar 420 Backhoe Loader | - | 31,320 |
| Royal Bank of Canada 4.20% loan, payable \$4,627 monthly including interest, due March 2022, secured by fisheries building | 204,110 | 250,000 |
| First Nations Finance Authority 3.35% loan, payable \$37,917 monthly including interest, due November 2022, secured by land and building | 2,057,542 | - |
| | 5,230,719 | 3,248,320 |
| Current portion | 684,172 | 356,536 |
| | \$ 4,546,547 | \$ 2,891,784 |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

14. Long-term debt, continued

Approximate principal portion of long-term debt due within each of the next five years, assuming re-financing of the mortgages under similar terms, is as follows:

| | |
|---------------------|--------------|
| 2018-19 | \$ 684,172 |
| 2019-20 | 651,048 |
| 2020-21 | 670,369 |
| 2021-22 | 690,306 |
| 2022-23 | 591,551 |
| 2023 and thereafter | 1,943,273 |
| | <hr/> |
| | \$ 5,230,719 |

SIPEKNE/KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

15. Tangible Capital Assets

| | Balance, beginning of year | Balance, end of year | Cost | Balance, beginning of year | Balance, end of year | Accumulated amortization | 2018 net book value |
|-------------------------|----------------------------------|-------------------------|--------------|----------------------------------|-------------------------|--------------------------|------------------------|
| | | Additions | | | Amortization | | |
| Land | \$ 252,956 | \$ 1,027,686 | \$ 1,280,642 | \$ - | \$ - | \$ - | \$ 1,280,642 |
| Buildings | 2,948,022 | 1,452,458 | 4,400,480 | 1,050,811 | 131,172 | 1,181,983 | 3,218,497 |
| Vehicles | 1,176,495 | 441,877 | 1,618,372 | 619,377 | 233,417 | 852,794 | 765,578 |
| Band housing projects | 15,495,943 | 893,116 | 16,389,059 | 8,186,825 | 387,783 | 8,574,608 | 7,814,451 |
| Furniture and equipment | 702,295 | 77,263 | 779,558 | 614,840 | 25,217 | 640,057 | 139,501 |
| Community centre | 2,958,266 | - | 2,958,266 | 2,718,042 | 48,045 | 2,766,087 | 192,179 |
| Pump/gaming renovations | 30,896 | - | 30,896 | 26,192 | 941 | 27,133 | 3,763 |
| Community housing | 2,371,070 | - | 2,371,070 | 1,450,721 | 92,035 | 1,542,756 | 828,314 |
| Administration building | 917,433 | - | 917,433 | 757,333 | 16,010 | 773,343 | 144,090 |
| Health centre | 873,671 | - | 873,671 | 648,007 | 22,566 | 670,573 | 203,098 |
| P-12 school | 7,137,737 | - | 7,137,737 | 2,638,748 | 224,949 | 2,863,697 | 4,274,040 |
| Recreational facilities | 246,593 | - | 246,593 | 130,203 | 11,639 | 141,842 | 104,751 |
| Infrastructure | 4,243,489 | 3,000 | 4,246,489 | 2,912,874 | 106,569 | 3,019,443 | 1,227,046 |
| Public works dept | 1,513,270 | - | 1,513,270 | 827,653 | 137,124 | 964,777 | 548,493 |
| Roads | 1,290,165 | - | 1,290,165 | 888,077 | 32,167 | 920,244 | 369,921 |
| Fishing vessel | 1,130,330 | 483,006 | 1,613,336 | 235,779 | 170,408 | 406,187 | 1,207,149 |
| | \$43,288,631 | \$4,378,406 | \$47,667,037 | \$23,705,482 | \$1,640,042 | \$25,345,524 | \$22,321,513 |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

| | Balance, beginning of year | Additions | Balance, end of year | Cost | Balance, beginning of year | Amortization of year | Balance, end of year | 2017 Net book value |
|-------------------------|----------------------------------|--------------|-------------------------|---------------|----------------------------------|-------------------------|-------------------------|------------------------|
| Land | \$ 189,275 | \$ - | \$ 252,956 | \$ - | \$ - | \$ - | \$ 252,956 | |
| Buildings | 2,002,610 | - | 2,948,022 | 982,806 | 68,005 | 1,050,811 | 1,897,211 | |
| Vehicles | 654,042 | 522,453 | 1,176,495 | 519,085 | 100,292 | 619,377 | 557,118 | |
| Band housing projects | 14,517,940 | 978,003 | 15,495,943 | 7,859,536 | 327,289 | 8,186,825 | 7,309,118 | |
| Furniture and equipment | 702,295 | - | 702,295 | 592,976 | 21,864 | 614,840 | 87,455 | |
| Community centres | 2,905,269 | 52,997 | 2,958,266 | 2,664,610 | 53,432 | 2,718,042 | 240,224 | |
| Pump/gaming renovations | 30,896 | - | 30,896 | 25,016 | 1,176 | 26,192 | 4,704 | |
| Community housing | 2,371,070 | - | 2,371,070 | 1,348,460 | 102,261 | 1,450,721 | 920,349 | |
| Administration building | 917,433 | - | 917,433 | 739,544 | 17,789 | 757,333 | 160,100 | |
| Health centre | 873,671 | - | 873,671 | 622,933 | 25,074 | 648,007 | 225,664 | |
| P-12 school | 7,137,737 | - | 7,137,737 | 2,401,959 | 236,789 | 2,638,748 | 4,498,989 | |
| Recreational facilities | 246,593 | - | 246,593 | 117,271 | 12,932 | 130,203 | 116,390 | |
| Infrastructure | 4,243,489 | - | 4,243,489 | 2,797,168 | 115,706 | 2,912,874 | 1,330,615 | |
| Water system | 1,513,270 | - | 1,513,270 | 656,249 | 171,404 | 827,653 | 685,617 | |
| Roads | 1,290,165 | - | 1,290,165 | 853,113 | 34,964 | 888,077 | 402,088 | |
| Fishing vessel | 771,725 | 358,605 | 1,130,330 | 141,200 | 94,579 | 235,779 | 894,551 | |
| | \$ 40,367,480 | \$ 2,921,151 | \$ 43,288,631 | \$ 22,321,926 | \$ 1,383,556 | \$ 23,705,482 | \$ 19,583,149 | |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

16. Accumulated surplus

Effective March 31, 2014 any surpluses from the Education program greater than 1% of the education budget or \$50,000 are required to be externally restricted as agreed upon with Mi'kmaw Kina'matenewey. A formal plan detailing how these funds will be used must be submitted and approved by Mi'kmaw Kina'matenewey by August 31st of each year.

| | 2018 | 2017 |
|--|----------------------|----------------------|
| Externally restricted - education (pg. 41) | \$ (358,341) | \$ (297,329) |
| Unrestricted | (408,435) | (1,786,307) |
| Investment in capital assets | 17,090,794 | 16,334,829 |
| | <u>\$ 16,324,018</u> | <u>\$ 14,251,193</u> |

17. Annual Surplus Net of Capital Related Revenues and Amortization

| | 2018 | 2017 |
|---|---------------------|---------------------|
| Annual surplus | \$ 2,072,825 | \$ 2,516,438 |
| Less capital related revenues included in annual surplus: | | |
| Deduct: Federal government transfers for capital | (1,067,085) | (355,000) |
| Add: Amortization expense included in annual surplus | 1,640,043 | 1,422,262 |
| | <u>572,958</u> | <u>1,067,262</u> |
| Annual surplus net of capital related revenues and amortization | <u>\$ 2,645,783</u> | <u>\$ 3,583,700</u> |

18. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. There have been no changes to the accumulated surplus balance due to these reclassifications.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

19. Due to minor band members

Annually from 2006 to 2011, Council approved Christmas bonuses of \$250 to be paid to each Band member. Band members are not entitled to receive their bonus until they attain the age of 18.

| | 2018 | 2017 |
|--|------------|------------|
| Balance, beginning of year | \$ 705,758 | \$ 786,758 |
| Deduct: payments related to previous years | (54,000) | (81,000) |
| Balance, end of year | \$ 651,758 | \$ 705,758 |

20. Economic Dependence

Sipekne'katik receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada and other federal government agencies.

21. Contingent Liabilities

Sipekne'katik has entered into contribution agreements with various federal and provincial government partners. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements. The likelihood of compliance reviews and any potential findings are not determinable as at the date on the auditor's report.

Subsidy assistance payments received through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act are subject to repayment if the First Nation fails to comply with the terms and conditions of the agreement. As at March 31, 2018, the First Nation has not fully complied with all the terms and conditions including its failure to calculate rent-to-income in accordance with subparagraph 2(5) of the Operating Agreement and its failure to maintain the required replacement reserve. To the best of management's knowledge, the entity will not have to repay any of the subsidy assistance payments received and thus, no amount has been recorded to reflect this potential liability.

In the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occurs or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's financial statements. When the future event and/or ability to estimate involves more uncertainty, the action or claim is considered a contingent liability.

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

22. Other Matters

As a result of financial concerns and irregularities, Chief and Council of Sipekne'katik engaged a firm to carry out a forensic audit, which commenced May, 2012.

In part, the firm reviewed certain financial transactions and in particular any that were not properly authorized, including but not limited to the following amounts included in Note 8:

| | |
|----------------------------------|-----------|
| Due from MRJJ Management Inc. | \$ 59,200 |
| Due from Amcrest Management Inc. | 172,200 |
| Unapproved transfers | 307,000 |

A settlement was reached with the First Nation's insurer in the amount of \$562,821 during May 2018 and has been recorded as a receivable as at March 31, 2018.

During the year, forfeiture funds totalling \$3,999 were received from the sale of two vehicles.

23. Expenses by object

| | 2018 | 2017 |
|----------------------------|---------------|---------------|
| Wages and benefits | \$ 9,973,521 | \$ 9,118,802 |
| Tobacco shop | 783,653 | 567,957 |
| Fuel and tobacco purchases | 8,546,955 | 7,653,330 |
| Social program expenses | 5,172,505 | 5,129,926 |
| Health program expenses | 649,826 | 672,142 |
| Travel | 143,159 | 118,981 |
| Tuition | 1,545,739 | 1,375,545 |
| Supplies and services | 2,551,012 | 2,688,694 |
| Interest and bank charges | 162,744 | 126,262 |
| Professional services | 1,256,695 | 687,177 |
| Repairs | 2,381,651 | 1,798,108 |
| Other | 4,287,320 | 4,292,970 |
| Amortization | 1,640,043 | 1,422,262 |
| Forensic audit | 28,228 | 6,256 |
| Total | \$ 39,123,051 | \$ 35,658,412 |

SIPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

24. Pension plan

The First Nation participates in an individual defined contribution pension plan for its employees. The plan is not mandatory and there is no required waiting period for permanent employees to enroll in the plan. The First Nation contributes amounts equal to the employee's contribution up to a maximum of 5.5% of the employee's gross earnings. Employer contributions, which are expensed in the period incurred, totalled \$111,219 (2017 - \$95,624) during the year.

25. Financial Instruments Risks and Uncertainties

The First Nation is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

The financial instruments that potentially subject the First Nation to a significant concentration of credit risk consist primarily of cash and accounts receivable.

The First Nation maintains cash balances with Canadian chartered banks which is insured by the Canada Deposit Insurance Corporation up to CDN \$100,000. From time to time, these balances exceed the federally insured limits and expose the First Nation to credit risk from concentration of cash. The First Nation limits this risk by transacting with reputable financial institutions.

The First Nation does have credit risk in accounts receivable \$3,542,901 (2017 - \$2,013,610). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing valuations on a regular basis and creating an allowance for bad debts when applicable. The First Nation derives substantially all of its revenues and therefore, accounts receivable, from government sources. In the opinion of management, the credit risk exposure to the First Nation is low and is not material.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accrued liabilities of \$5,012,209 (2017 - \$4,611,722). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains a responsible cash position.

Interest rate risk

At times, the First Nation may be exposed to interest rate risk. This risk exists due to interest rate exposure on certain term loans, which are variable based on the bank's prime rates. This exposure may have an effect on its interest expenses in future periods. The First Nation reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. There are some loans payable that are at fixed term rates and therefore, do not affect interest rate risk. The First Nation does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the First Nation is low and is not material.

SPEKNE'KATIK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2018

26. Budgeted figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

SCHEDULE OF SIGNIFICANT DISCLOSURE
YEAR ENDED MARCH 31, 2018

| | Social development | | Road administration | | Education | | Capital and housing | | Operating and maintenance | | Economic development | | Community health | |
|---------------------------------|---------------------|--------------------|-----------------------|-----------------------|---------------------|-------------------|---------------------|---------------------|---------------------------|-----------------------|----------------------|---------------------|---------------------|-------------------|
| | 2018 | Budget 2018 | 2018 | Budget 2018 | 2018 | Budget 2018 | 2018 | Budget 2018 | 2018 | Budget 2018 | 2018 | Budget 2018 | 2018 | Budget 2018 |
| Revenue | | | | | | | | | | | | | | |
| Federal Government | 5,804,879 | 5,746,916 | 1,120,133 | 709,971 | 7,646,375 | 7,716,832 | 347,889 | 344,513 | 1,281,231 | 661,489 | 202,648 | 381,674 | 1,677,884 | 1,480,398 |
| Provincial Government | - | - | 60,000 | - | - | - | - | - | - | - | 5,000 | - | - | - |
| Economic Activities | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other revenue | (333,320) | - | 863,440 | 387,646 | 30,410 | 12,000 | 35,336 | - | 402,206 | 456,777 | - | - | 17,591 | - |
| Total revenue | 5,471,559 | 5,746,916 | 2,063,573 | 1,097,617 | 7,676,785 | 7,728,832 | 403,515 | 344,513 | 1,683,437 | 1,118,266 | 207,648 | 381,674 | 1,695,475 | 1,480,398 |
| Expenses | | | | | | | | | | | | | | |
| Salaries and benefits | 286,221 | 463,835 | 1,207,020 | 1,226,025 | 3,671,336 | 3,716,692 | 363,735 | 331,100 | 737,381 | 730,350 | 96,563 | 228,150 | 885,028 | 880,339 |
| Amortization | - | - | 1,640,043 | 1,300,000 | - | - | - | - | 801 | 4,800 | - | - | - | - |
| Debt servicing | - | - | 56,794 | 28,000 | - | - | - | - | - | - | - | - | - | - |
| Cost of goods sold | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other expenses | 5,203,338 | 5,283,100 | 479,679 | 907,200 | 4,071,800 | 3,903,219 | 636,725 | 552,900 | 1,477,795 | 1,390,700 | 373,703 | 517,021 | 721,285 | 677,159 |
| Total expenses | 5,471,559 | 5,493,935 | 3,383,546 | 3,441,225 | 7,742,886 | 7,619,911 | 1,000,510 | 904,000 | 2,215,077 | 2,146,050 | 472,266 | 735,171 | 1,606,313 | 1,480,398 |
| Annual surplus (deficit) | \$ - | \$ 252,981 | \$ (1,320,973) | \$ (2,343,608) | \$ (66,101) | \$ 708,921 | \$ (596,995) | \$ (559,487) | \$ (531,640) | \$ (1,027,784) | \$ (164,618) | \$ (373,497) | \$ 83,922 | \$ - |
| Revenue | | | | | | | | | | | | | | |
| Federal Government | 837,232 | 796,006 | 306,864 | 240,000 | - | - | 383,391 | - | 1,017,171 | 632,000 | - | - | 20,642,553 | 18,469,979 |
| Provincial Government | - | - | 4,766,083 | 4,133,300 | 8,698,684 | 7,580,000 | 3,461,530 | 3,139,000 | - | - | 1,997,274 | 1,470,000 | 371,864 | 240,000 |
| Economic Activities | 49,889 | 35,000 | - | - | - | - | 978 | 10,000 | 108,000 | 85,000 | 60,000 | 60,000 | 18,972,381 | 16,682,500 |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | - | 1,257,680 | 1,064,423 |
| Total revenue | 907,121 | 831,006 | 5,072,947 | 4,373,300 | 8,698,684 | 7,580,000 | 4,045,899 | 3,169,000 | 1,125,171 | 717,000 | 2,057,274 | 1,530,000 | 41,153,578 | 36,418,902 |
| Expenses | | | | | | | | | | | | | | |
| Salaries and benefits | 572,676 | 433,739 | 886,713 | 868,800 | 82,763 | 88,100 | 1,019,305 | 1,056,500 | 53,344 | - | 131,786 | 174,330 | 9,975,321 | 10,773,280 |
| Debt servicing | - | - | 11,948 | 10,100 | 7,731 | 7,500 | 9,944 | 500 | 43,466 | 88,000 | - | 7,730 | 1,660,043 | 1,300,000 |
| Cost of goods sold | 493,695 | 479,360 | 887,724 | 888,200 | 6,718,866 | 6,380,000 | 6,141,136 | 5,083,500 | 2,014,456 | 977,000 | 1,827,131 | 1,373,000 | 8,346,533 | 7,673,000 |
| Other expenses | 1,071,281 | 915,099 | 1,786,285 | 1,767,100 | 7,604,848 | 7,090,800 | 2,470,385 | 2,697,500 | 2,113,226 | 1,063,000 | 2,013,971 | 1,386,579 | 18,827,917 | 16,483,449 |
| Total expenses | \$ (110,600) | \$ (64,093) | \$ 3,286,622 | \$ 2,693,400 | \$ 1,993,846 | \$ 809,200 | \$ 1,575,314 | \$ 1,076,500 | \$ (995,033) | \$ (248,009) | \$ 44,303 | \$ (56,500) | \$ 2,077,825 | \$ 640,601 |

YEAR ENDED MARCH 31, 2017

| | Social development | | Rural administration | | Education | | Capital and housing | | Operating and maintenance | | Economic development | | Community health | |
|--------------------------|--------------------|-------------|----------------------|----------------|--------------|-------------|---------------------|--------------|---------------------------|----------------|----------------------|-------------|-------------------|-------------|
| | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 |
| Federal Government | 5,746,916 | 5,689,247 | 838,971 | 635,602 | 7,402,151 | 6,693,800 | 344,813 | 340,756 | 1,232,201 | 820,330 | 173,321 | 167,835 | 1,245,823 | 1,397,328 |
| Provincial Government | - | - | 30,000 | - | - | - | - | - | 9,658 | - | - | - | - | - |
| Economic Activities | (365,230) | - | 913,393 | 467,333 | 13,700 | - | 42,000 | - | 443,173 | 437,216 | 5,000 | - | 30,804 | - |
| Other revenue | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenue | 5,380,166 | 5,689,247 | 1,844,366 | 1,102,935 | 7,417,851 | 6,693,800 | 386,813 | 340,756 | 1,705,032 | 1,085,765 | 180,321 | 167,435 | 1,276,627 | 1,397,328 |
| Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Salaries and benefits | 226,856 | 426,717 | 1,077,347 | 1,141,500 | 3,434,754 | 3,097,400 | 373,868 | 377,100 | 769,287 | 639,850 | 78,511 | 47,150 | 838,297 | 775,000 |
| Amortization | - | - | 1,422,262 | 1,300,000 | - | - | - | - | 10,234 | 4,800 | - | - | - | - |
| Debt servicing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost of goods sold | 5,153,310 | 5,094,900 | 1,110,351 | 987,589 | 3,433,529 | 3,596,400 | 736,631 | 468,800 | 1,974,126 | 1,433,400 | 182,662 | 195,285 | 755,118 | 622,328 |
| Other expenses | 5,380,166 | 5,581,617 | 3,689,260 | 3,469,000 | 6,872,283 | 6,693,800 | 1,110,409 | 845,000 | 2,733,647 | 2,098,020 | 241,173 | 242,435 | 1,593,413 | 1,397,328 |
| Total expenses | - | - | \$ (1,765,394) | \$ (2,300,000) | \$ 545,586 | - | \$ (723,686) | \$ (705,144) | \$ (1,048,613) | \$ (1,011,364) | \$ (80,552) | \$ (75,600) | \$ (116,788) | \$ - |
| Annual surplus (deficit) | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Employment creation | | | | | | | | | | | | | | |
| Revenue | 2017 | Budget 2017 | Garbage | | Tobacco farm | | Ranching | | Housing projects | | Cane Bar | | Communitied deals | |
| Federal Government | 1,008,300 | 795,577 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 | 2017 | Budget 2017 |
| Provincial Government | - | - | 269,620 | 240,000 | - | - | 342,000 | - | 594,810 | 310,000 | 19,151,315 | 16,654,095 | 374,278 | 240,000 |
| Economic Activities | - | - | 4,451,383 | 3,620,000 | 8,108,413 | 7,000,000 | 3,244,313 | 3,730,000 | - | - | 1,490,322 | 1,110,000 | 17,278,231 | 15,460,000 |
| Other revenue | 41,679 | 40,000 | - | - | - | - | 18,570 | 8,006 | 230,235 | 231,000 | 1,371,026 | 1,203,835 | 1,371,026 | 1,203,835 |
| Total revenue | 1,049,979 | 835,577 | 4,701,603 | 3,860,000 | 8,108,413 | 7,000,000 | 3,604,892 | 3,738,006 | 825,045 | 541,000 | 1,490,322 | 1,110,000 | 38,174,892 | 33,557,030 |
| Expenses | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Salaries and benefits | 449,127 | 373,238 | 846,769 | 853,400 | 83,325 | 86,780 | 774,103 | 539,276 | - | - | 164,538 | 154,930 | 9,118,802 | 8,542,331 |
| Amortization | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt servicing | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Cost of goods sold | 683,692 | 462,339 | 977,763 | 920,100 | 6,332,350 | 5,300,000 | 1,144,176 | 1,714,300 | 40,237 | 88,000 | 1,321,080 | 950,000 | 39,471 | 92,800 |
| Other expenses | 1,092,729 | 835,577 | 1,734,532 | 1,773,300 | 6,995,094 | 6,082,250 | 1,918,279 | 2,253,576 | 887,350 | 370,411 | 1,510,283 | 1,150,350 | 35,658,410 | 32,703,794 |
| Total expenses | - | - | \$ 2,977,071 | \$ 2,086,500 | \$ 1,113,319 | \$ 917,250 | \$ 1,686,613 | \$ 1,484,430 | \$ (62,283) | \$ 170,389 | \$ (21,781) | \$ (40,330) | \$ 2,516,439 | \$ 854,135 |
| Annual surplus (deficit) | \$ (2,370) | \$ - | - | - | - | - | - | - | - | - | - | - | - | - |

SIPEKNE'KATIK

SCHEDULES TO CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT TRANSFERS

YEAR ENDED MARCH 31, 2018

| | 2018 Operating | 2018 Capital | 2018 Total |
|---|----------------------|---------------------|----------------------|
| Direct Federal government transfers: | | | |
| Indigenous and Northern Affairs Canada | 8,783,843 | 297,500 | 9,081,343 |
| INAC - other | 258,816 | - | 258,816 |
| Health Canada | 1,553,421 | 100,990 | 1,654,411 |
| Department of Fisheries and Oceans | 109,391 | 474,000 | 583,391 |
| Mi'kmaw Kina'matneway | 7,119,568 | - | 7,119,568 |
| METS | 737,871 | - | 737,871 |
| Atlantic Canada Opportunities Agency | - | 194,595 | 194,595 |
| Canada Mortgage and Housing Corporation | 677,295 | - | 677,295 |
| Federal government transfer total | <u>\$ 19,240,205</u> | <u>\$ 1,067,085</u> | <u>\$ 20,307,290</u> |
| Direct Provincial government transfers: | <u>\$ 371,864</u> | <u>\$ -</u> | <u>\$ 371,864</u> |